

**ADDENDUM TO THE TERMS FOR RESTRUCTURING OF RETIREE OBLIGATIONS
(AS OF APRIL 27, 2019)**

In re Commonwealth of Puerto Rico, Title III Case No. 17 BK 3283-LTS
August 23, 2019

This Addendum addresses the limited number of Retirees who would experience lower cuts to their retirement benefits under the approach originally proposed by the Financial Oversight and Management Board (the “FOMB”) in its certified Fiscal Plans to date (the “FOMB Original Proposal”) relative to the cuts that would be experienced under the approach in the Plan Support Agreement (the “PSA”) entered into by and between the FOMB and the Official Committee of Retired Employees of Puerto Rico (the “Retiree Committee”) (the “PSA Original Proposal”).¹ This Addendum incorporates the terms of the FOMB Original Proposal into the PSA and ensures that, subject to any specific provisions of the PSA itself, including but not limited to section 5.17, each Retiree holding an impaired Retiree Claim shall receive the more favorable treatment under either the PSA Original Proposal or the FOMB Original Proposal. The terms hereof are intended solely to supplement, and not modify, the terms of the existing PSA, including Exhibit A to the PSA.

Addendum to the Definitions	
PSA Originally Proposed Monthly Benefit Reduction	Reduction amount, in US dollars, to the Total Monthly Retirement Benefit as a result of the Total Cut Formula (per Exhibit A to the PSA)
FOMB Originally Proposed Monthly Benefit Reduction	Reduction amount, in US dollars, to the FOMB OP Total Monthly Retirement Benefit as a result of the FOMB Originally Proposed Cut Formula
Effective Monthly Benefit Reduction	The lower of (i) the PSA Originally Proposed Monthly Benefit Reduction and (ii) the FOMB Originally Proposed Monthly Benefit Reduction
Total Monthly Retirement Benefit as Originally Proposed by FOMB (the “FOMB OP Total Monthly Retirement Benefit”)	The sum of (i) the Total Monthly Retirement Benefit and (ii) the Monthly Medical Insurance Benefit, if Retiree receives this benefit
Threshold Over Which FOMB Originally Proposed Cuts Apply (the “FOMB OP Threshold”)	\$1,000 per month for those Retirees without Social Security benefits or \$600 per month for those Retirees with Social Security benefits

Addendum to the Provisions of the Proposal	
FOMB Originally Proposed Cut Formula	The FOMB Originally Proposed Monthly Benefit Reduction amount shall be calculated as follows:

¹ All capitalized terms not defined herein shall have the meanings ascribed to them in the Terms for Restructuring of Retiree Obligations attached as Exhibit A to the PSA.

	<p><i>Step 1:</i> Subtract the FOMB OP Threshold (\$1,000 if the Retiree is not eligible for Social Security or \$600 if the Retiree is eligible for Social Security) from the FOMB OP Total Monthly Retirement Benefit. If the resulting figure is \$0.00 or less, the Retiree is not subject to any benefit reduction.</p> <p><i>Step 2:</i> If the resulting figure from Step 2 is more than \$0.00, calculate the FOMB Originally Proposed Monthly Benefit Reduction by multiplying the resulting figure by 25%. This amount is the FOMB Originally Proposed Monthly Benefit Reduction.</p>
Effective Total Cut Formula	<p>The Effective Monthly Benefit Reduction, which is the applicable monthly benefit reduction to the Retiree, is the lower of (i) the PSA Originally Proposed Monthly Benefit Reduction and (ii) the FOMB Originally Proposed Monthly Benefit Reduction.</p> <p>If the lower amount is the PSA Originally Proposed Monthly Benefit Reduction, all provisions under the Total Cut Formula (per Exhibit A to the PSA) will be applied to the Retiree.</p> <p>If the lower amount is the FOMB Originally Proposed Monthly Benefit Reduction, the Retiree will experience a benefit reduction in the amount equal to the FOMB Originally Proposed Monthly Benefit Reduction. The order in which each component of the Retiree's benefits is being reduced or eliminated shall be the same as provided in the Total Cut Formula.</p> <p>Under no circumstances shall the Retiree experience a higher pension benefit reduction as a result of the PSA Original Proposal compared to the FOMB Original Proposal.</p>